

Exhibit A: Scope of Work

Inclusionary Zoning & MFTE Updates

The scope of work identifies milestones and tasks to complete this project.

Task 1. Project Management

Community Attributes' project manager will execute this work in close collaboration with Redmond staff, as well as any partners and stakeholders identified for the project. At project kickoff, we will work with staff to confirm the schedule and deliverables and identify outside partners and stakeholders. We will stay in frequent communication with bi-weekly virtual meetings or check-in calls to detail progress and prepare for near term tasks.

1.1 Project Kickoff

Schedule and facilitate a virtual project kick-off meeting with Redmond staff, including the following:

- Facilitate introductions amongst the project team
- Review of project schedule and scope
- Identify desired project outcomes and staff or departmental priorities
- Establish project management protocols

1.2 Ongoing Project Management and Client Check-ins

Facilitate virtual biweekly project meetings to detail data collection strategies, monitor progress on deliverables, prepare for meetings and engagement, and address any needed scope refinements.

1.3 Three Large Team Meetings

Facilitate up to three (3) virtual large team project coordination meetings. These meetings will include City partners and stakeholders beyond staff, to be identified at the project kickoff meeting or thereafter.

Meetings: Kickoff Meeting (virtual); Bi-weekly Check-in Meetings (virtual); Three (3) Large Team Coordination Meetings (virtual).

Task 2. Landscape Assessment

In this task, CAI will develop a profile of Redmond's inclusionary zoning and MFTE programs, assessing performance, structure, and parameters. We will compare it to other programs and identify best practices.

2.1 Redmond IZ/MFTE Program Profile

Specific tasks will include:

- Overview of Washington state MFTE enabling legislation and summary of previous findings at the State level on the uptake of the MFTE program, including specific barriers, and inflection points.
- Summary performance of IZ/MFTE on the production of more deeply affordable units and identify the mix of products built with IZ/MFTE versus other programs.
- Profile of eligibility and parameters associated with both IZ and MFTE and the way in which MFTE is designed to buy down affordability from levels associated with the IZ program. Identify control levers – eligibility parameters that can be adjusted to improve uptake of the program – including those that may not currently exist, such as development type (stick-built versus 5-over-1 versus high-rise, etc.)

2.2 Comparative Assessment

Specific tasks will include:

- Development of a comparative matrix of other jurisdictions' IZ/MFTE programs, to identify programmatic “peers” and comparing eligibility, parameters and results.
- Preparation of an assessment of how Redmond's IZ and MFTE programs interact with other City development regulations, and with other state and federal programs and incentives.

2.3 Best Practices

Specific tasks will include:

- Identify and assess up to four (4) case studies of best practices in MFTE adoption and management, or of other successful tools that have been used to stimulate the production of deeply affordable housing units in Washington. Highlight any Washington jurisdictions identified in previous work that may be over-incentivizing affordable housing with implications for Redmond.
- Compile City staff suggestions for improvement of the program, including eligibility criteria, target areas, minimum unit thresholds, development agreements, and others. Document feedback that staff have already received from the development community.

Deliverables: Redmond IZ/MFTE Program Profile, Comparative Assessment, and Best Practices memo.

TASK 3. MARKET RESEARCH AND ANALYSIS

CAI will analyze the current, past and projected market conditions in Redmond and the region. The market analysis in this task will leverage public and proprietary data and stakeholder interviews. Market data collected will include rents, vacancy rates, capitalization rates, land sale values, HUD income and rent standards, and other data that vary by market area. These will serve as inputs into a series of financial feasibility models assessing program parameters in Task 4 and may inform segmentation of development products for modeling purposes.

3.1 Data Gathering & Evaluation Framework

Gather data from the City of Redmond, CoStar, Zillow, Building Journal, CBRE, NCREIF, American Housing Survey, HUD and other sources as necessary. Develop an outline of proposed analytics to share with City staff for modification, collaboration, and approval.

3.2 Market Analysis

Analyze the market conditions under which residential and mixed-use market rate and affordable housing would be built, summarizing any existing market impediments to IZ/MFTE participation. Assess how the market in Redmond compare to peers, evaluating recent trends and forecasts, as well as whether market rents support various projected development types.

3.3 Engage the Development Community

Conduct up to six (6) interviews with both for-profit and non-profit developers and other real estate industry stakeholders. Interviews will be used to supplement secondary research and financial feasibility modeling and to help more fully understand the market conditions for multifamily, mixed-use, and affordable housing development in Redmond. Work with the City to identify interviewees with a focus on individuals with development experience in Redmond and its peer communities.

Deliverables: Draft and Final Market Analysis memo.

Task 4. Feasibility Analysis & Assessment of Alternatives

CAI will test the sensitivity of the IZ/MFTE program to potential changes to eligibility criteria and programs parameters through financial feasibility modeling. CAI will assess other actions that could have an impact on the uptake and efficacy of these programs in Redmond going forward.

4.1 Eligibility & Parameter Alternatives & Evaluation Framework

Identify the parameters for testing, such as minimum number of units or specified affordability levels. Build a series of models to test variation of

these parameters. CAI will work with City staff to identify up to five (5) development prototypes across a range of densities. Each prototype will be tested using the models developed.

4.2 Development Feasibility Analysis

Complete modeling to estimate the rates of return or residual land value generated for each prototype. The analysis will be designed to illustrate realistic market and development conditions, and will compare inclusionary zoning projects, 8-year and 12-year MFTE projects, as well as a baseline non-MFTE scenario. CAI will tabulate and summarize the outputs of the modeling and identify key findings and implications for policy development.

4.3 Cost Benefit Discussion or Qualitative Assessment of Other Actions

Provide a qualitative and comparative assessment of other actions proposed by the City:

- Consider developing education and adding code clarifications about how the IZ and MFTE programs can be used jointly, including examples demonstrating program application.
- Consider reconfiguring IZ.
- Consider reconfiguring MFTE. For example, expanding the areas where MFTE incentives could be used.
- Consider the use of an approach wherein the City identifies general performance requirements, and a developer chooses from a menu of corresponding incentives.

Deliverables: Feasibility Analysis Summary and Assessment of Other Actions (Programmatic Feasibility Report)

Task 5. Drafting & Preparation of Regulatory Updates

5.1 Draft Regulatory Updates & Supporting Materials

Lead the development of updates to adopted development regulations, including the drafting of revised code. Develop educational materials to communicate proposed changes and their implementation, and other community engagement materials as needed. As part of this effort, it is anticipated that CAI will reengage the development community (or specific stakeholders as identified by City staff) through up to four (4) interviews or one (1) focus group, to obtain input into potential changes to IZ and MFTE regulations.

5.2 Support City in Drafting Final Ordinance & Support Adoption Process

Support the City in taking the draft regulatory updates developed in Task 5.1 and translating them into a final ordinance suitable for adoption. During the adoption process, CAI will attend up to four (4) relevant Planning Commission or City Council meetings and will serve as an expert witness as necessary for the adoption process.

5.3 Package and Transmit Materials to Commerce

Deliver all materials required by the Department of Commerce to the City of Redmond in formats suitable for transmission and will support the City in managing its reporting requirements.

Deliverables: Draft of regulatory updates and supporting materials; community engagement and educational materials. Final ordinance and supporting materials amending inclusionary zoning and MFTE regulations.

EXHIBITS B and C: PROJECT SCHEDULE AND BUDGET

CAI will complete all tasks and deliverables in time for the City to deliver all final materials to the Washington State Department of Commerce by June 15, 2023. CAI can complete the above work plan for an estimated budget of \$90,000. The work plan includes \$10,000 of contingency funds, for a grand total budget not to exceed **\$100,000**.

| Task | Budget |
|---|------------------|
| Task 1. Project Management | \$16,000 |
| Task 2. Landscape Assessment | \$16,000 |
| Task 3. Market Research & Analysis | \$16,000 |
| Task 4. Feasibility Analysis & Assessment of Alternatives | \$23,000 |
| Task 5. Drafting & Preparation of Regulatory Updates | \$19,000 |
| <i>Contingency</i> | <i>\$10,000</i> |
| Total | \$100,000 |

A working draft project schedule follows, assuming a notice-to-proceed in late March, 2022.

